OMB Control Number 1505-0222

CDCI

ANNUAL USE OF CAPITAL SURVEY - 2017

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

IBC Bancorp, Inc. (International Bank of Chicago)

Person to be contacted regarding this report:	Marc DeFauw	RSSD: (For Bank Holding Companies)	2339759
UST Sequence Number:	1163	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	8,086,000	FDIC Certificate Number: (For Depository Institutions)	33708
CPP/CDCI Funds Repaid to Date:	0	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	May 15, 2009	City:	Chicago
Date Repaid[1]:	N/A	State:	Illinois

[1]If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒	Increase lending or reduce lending less than otherwise would have occurred.	The Bank's gross loan portfolio grew during 2017 by $54.8 million or 15% to $417.4 million in 2017 from $362.6 million in 2016. The growth was made possible by access to the CDCI capital.
☒	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	Our loan growth was strongest in 2017 within the residential real estate mortgage loan segment. These loans grew by approx. $38 million from the prior year, or a 55% increase.
☐	Increase securities purchased (ABS, MBS, etc.).	

☐	Make other investments	
☐	Increase reserves for non-performing assets	
☐	Reduce borrowings	
☒	Increase charge-offs	The CDCI capital provided the Bank the ability to absorb $2.97 million in gross charge-offs during 2017.
☐	Purchase another financial institution or purchase assets from another financial institution	
☐	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

At 12/31/17, the Bank maintains very strong regulatory capital ratios of 20.73% (Total risk based), 19.47% (Common Equity Tier 1 (CET1) capital and Tier 1 capital ratios), and 12.83% (Tier 1 leverage). CDCI funds served to maintain our capital strength as loan losses and problem loan workouts and dispositions remain from the acquisitions of two failed banks in 2011 and 2012.

As a certified community development financial institution (CDFI), our objective for utilizing CDCI funds was to expand lending efforts in our local communities. A secondary goal was to use the capital to sustain loan loss reserves and charge-offs on non-performing assets that might result as we weathered the economic recession, declining real estate collateral values, and high unemployment. CDCI capital allowed us to make loan modifications to troubled borrowers while withstanding $1.9 million in net loan charge-offs during 2017.

CDCI funds continue to allow us to fund new loans through the use of various funding channels that might not otherwise have been available or that might have become more inefficient and costly if capital levels were allowed to fall below the FDIC's well-capitalized minimums.

The CDCI capital continues to be the most cost-effective capital source for small community banks such as ours. If the CDCI funds were not available, replacement capital would need to be obtained at a much higher cost with a detrimental impact on our capacity to lend. With the rate on the CDCI subordinated debentures resetting in 2018 to a higher 13.8% interest rate, banks such as ours will in all likelihood be forced to refinance the CDCI capital in a manner that is more economical, to preserve our mission focus, and to ensure we do not destabilize our bank or the low income communities we serve by reducing capacity or access to capital.

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

None noted during 2017.

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

None noted during 2017.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.